



Viculus Limited  
ACN 074 976 828  
Suite 32, Level 18, 101 Collins Street  
MELBOURNE VIC 3000

4 August 2014

ASX Announcements Office  
Australian Securities Exchange

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**Target's Statement**

Viculus Limited (ASX: VCL) (**the Company** or **Viculus**) enclose a copy of the Target's Statement received from Euro Petroleum Ltd (**Euro**) in relation to the takeover bid by Viculus to acquire all issued shares in Euro announced on 11 February 2014.

**Derek Lo**  
**Director and Company Secretary**  
**Enc.**

# **EURO PETROLEUM LTD**

## **(ACN 147 870 362)**

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## **TARGET'S STATEMENT**

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This Target's Statement has been issued in response to the off-market takeover bid made by Viculus Limited (ACN 074 976 828) for all the issued ordinary shares in Euro Petroleum Limited (ACN 147 870 362)

The Offer opens on 7 August 2014 and closes on 5.00pm (AEST) on 8 September 2014 unless otherwise varied.

**Each of the Directors of Euro Petroleum Limited (ACN 147 870 362) unanimously recommend that you ACCEPT the Offer from Viculus Limited to acquire your Euro Shares (in the absence of a Superior Proposal).**

**To accept the Offer, complete, sign and return the applicable Acceptance Form enclosed with the Bidder's Statement in accordance with the instructions set out in those forms.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**  
If you do not understand it you should consult your professional advisers without delay.

**If you have any queries in relation to the Offer please call Justyn Stedwell (Company Secretary of Euro Petroleum Ltd) on 0424 222 122 between 9.00am and 5.00pm Monday to Friday (AEST).**

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**1. KEY DATES\***

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Heads of Agreement executed and announced	11 February 2014
Notice of General Meeting dispatched to VCL Shareholders	22 July 2014
Bidder's Statement and Target's Statement lodged with ASIC	1 August 2014
Company to release Bidder's Statement to Target and ASX	1 August 2014
Target to release Target's Statement to Company and ASX	1 August 2014
Bidder's Statement and Target's Statement to be sent to Euro Shareholders	7 August 2014
Prospectus lodged with ASIC	11 August 2014
Prospectus released to market	18 August 2014
Company holds General Meeting to approve Transaction	25 August 2014
Prospectus offer closes	1 September 2014
Takeover Bid offer closes	8 September 2014
Expected Allotment Date of Offer Consideration	15 September 2014
Readmission of Company to ASX	22 September 2014

\*Please note that the dates set out in the above timetable are likely to be varied in accordance with the Corporations Act, and, where required, in consultation with ASX. Any changes to the above timetable will be released to ASX. These dates are indicative only and subject to change. The Company reserves the right to vary the dates without prior notice.

\*\*The Takeover Record Date is the date for determining which Euro Shareholders the Bidder's Statement and Target's Statement will be sent. The Offer extends to all fully paid Euro Shares that are issued as at the Takeover Record Date and that are issued after the Takeover Record Date and before the Takeover Closing Date, whether by way of conversion of, or an exercise of a right attaching to, any securities that existed as at the Takeover Record Date or otherwise.

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## 2. IMPORTANT NOTICES

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### General

This document (**Target's Statement**) is a Target's Statement dated 1 August 2014 and issued by Euro Petroleum Ltd (ACN 147 870 362) (**Euro**) under Part 6.5 Division 3 of the Corporations Act.

This Target's Statement is issued in response to the off-market takeover bid (**Takeover Bid**) made by Viculus Ltd (ACN 074 976 828) (**Viculus**) to acquire all ordinary shares (**Shares**) in Euro pursuant to a Bidder's Statement dated 1 August 2014.

Under the Takeover Bid, Euro Shareholders are being offered one (1) Viculus Share for every one (1) Euro Share held and Euro Optionholders are being offered one (1) Viculus Option for every one (1) Euro Option that is cancelled in connection with the Takeover Bid or Offer.

This Target's Statement includes all information required by the Corporations Act and you should read this Target's Statement carefully and in its entirety.

### ASIC

This Target's Statement is dated 1 August 2014 and was lodged with ASIC on that date. Neither ASIC nor its officers take any responsibility for the contents of this Target's Statement.

### Defined terms

Please refer to Section 13 of this Target's Statement for an explanation of any defined terms that are used throughout the document.

### Your own circumstances

You are encouraged to seek independent legal, financial and taxation advice before making a decision as to whether to accept the Offer.

This Target's Statement does not take into consideration the needs of individual Euro Shareholders, including any individual financial circumstances or individual taxation, business or financial objectives.

### Disclaimer as to forward-looking statements and other information.

Various statements appearing in this Target Statement constitute statements related to intentions, future acts and events. Such statements are generally classified as forward-looking statements and involve known and unknown risks and uncertainties.

These risks, uncertainties and other factors include, but are not limited to, the risks inherent in the mining exploration industry and current legal and economic conditions prevailing in Sri Lanka, where Euro's assets are located.

Euro gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved.

Any information pertaining to Viculus in this Target's Statement has been provided by Euro based on information available to the public. As such, the information relating to Viculus has not been independently verified.

Subject to the Corporations Act, Euro and its officers, including anyone named as involved in the preparation of this Target's Statement, does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information or the likelihood of any forward-looking statement being fulfilled. Euro considers that you should not place undue reliance on any forward-looking statements contained in this Target's Statement.

### **Foreign jurisdictions**

The release, publication and distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained herein may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside of Australia.

### **Maps and diagrams**

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

### **Privacy**

Euro has collected your personal information (including your name, contact details and information on your Share and/or Option holding) in Euro) from the Euro register of Euro Shareholders maintained by Euro in accordance with Section 169 of the Corporations Act, for the purpose of providing you with this Target's Statement.

The Company may from time to time be required to disclose your personal information to the Australian Taxation Office, other government agencies and regulatory bodies or as otherwise required by law. The Company and the Share Registry may disclose your personal information to its agents and service providers as authorised by the Privacy Act (1988)(Cth) or for purposes required by the Listing Rules or Corporations Act. You may access your personal information by contacting the Share Registry and may request corrections to such personal information.

### **References to Bidder's Statement**

All references in this Target's Statement to the Bidder's Statement or any part or section of the Bidder's Statement will be deemed to be part of this Target's Statement.

Neither Viculus nor any Viculus Director takes any responsibility for the contents of this Target's Statement, or any part or parts thereof, including any references herein to the Bidder's Statement or any part or section of the Bidder's Statement.

Neither Euro nor any Euro Director takes any responsibility for the contents of the Bidder's Statement or any part or parts thereof.

#### **References to Prospectus and Notice of Meeting**

All references in this Target's Statement to the Prospectus are references to the Prospectus that Viculus will be issuing in connection with the Public Offer. The Euro Directors understand that the Prospectus will be issued shortly after the dispatch of this Target's Statement and the Bidder's Statement.

All references in this Target's Statement to the Notice of Meeting are references to the Notice of Meeting that Viculus issued on 22 July 2014 for the purpose of convening the General Meeting of Viculus Shareholders, being held on 25 August 2014.

Neither Euro nor any Euro Directors takes any responsibility for the contents of the Prospectus or Notice of Meeting or any part or parts thereof, including any references to the Target's Statement or any part or section of the Target's Statement.

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### 3. LETTER FROM THE CHAIRMAN

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Dear Shareholders

#### **Takeover Bid by Viculus Limited**

On 11 February 2014, Viculus announced it had entered into a Heads of Agreement with Euro, under which it was agreed that Viculus would make an off-market takeover bid for all issued share capital in Euro pursuant to Chapter 6 of the Corporations Act (Takeover Bid).

Viculus has been listed on the ASX (ASX:VCL) since 27 October 1997 but is currently suspended and not trading. Viculus does not currently carry out any business activities or hold any business assets.

Under the Takeover Bid, Euro Shareholders are being offered one (1) Viculus Share for every one (1) Euro Share held and Euro Optionholders are being offered one (1) Viculus Option for every one (1) Euro Option that is cancelled in connection with the Takeover Bid (**Offer**).

In conjunction with the Takeover Bid, Viculus will seek to raise \$3.5 to 5 million by the issue of up to 25,000,000 Viculus Shares at \$0.20 per share (**Capital Raising**) and seek Re-Admission to the Official List of the ASX by complying with Chapter 1 and 2 of the ASX Listing Rules.

The notional Offer price for your Euro Shares, based on the price at which Viculus will be offering shares via the Capital Raising, is therefore \$0.20 per Euro Share.

A copy of the Bidder's Statement, setting out detailed terms of the Offer, is available from the Company Announcements section of the ASX website at [www.asx.com.au](http://www.asx.com.au).

#### **Directors' Recommendation**

The Directors have carefully considered the Offer, and have agreed, under the Heads of Agreement, to support and jointly promote the Offer with Viculus.

**The Directors unanimously recommend that you ACCEPT the Offer and intend to accept the Offer for their own Euro Shares, in the absence of a Superior Proposal.**

The Directors' recommendation is based on the following reasons:

- (a) Your shareholding may be more liquid in the Merged Entity, which may have a stronger balance sheet and improved fundraising capability, with the financial capacity to progress its exploration projects;
- (b) The Offer represents an attractive price for your Euro Shares when compared to the subscription price, or transfer price, paid for your Euro Shares (based on the Merged Entity's relisting at \$0.20 per share).
- (c) The Merged Entity will have a strong board and management team that can advance Euro's Sri Lankan exploration projects;
- (d) There are risks in not accepting the Offer;
- (e) Capital Gains Tax rollover relief may be available; and



(f) The Offer is the only proposed transaction before Euro.

A full discussion of the reasons for the Directors' recommendation is set out in Section 6.2 of this Target's Statement.

### **Accepting the Offer and next steps**

To accept the Offer, simply follow the instructions outlined in the Bidder's Statement and printed on the Acceptance Form enclosed with the Bidder's Statement. To be valid, your acceptance must be received before the Takeover Closing Date.

**The Offer Period is scheduled to close at 5:00 pm AEST on 8 September 2014 (unless extended).**

In order to consider whether you would like to accept the Offer, the Directors suggest that you:

- (a) read this Target's Statement and the Bidder's Statement in its entirety;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) carefully consider Section 11 of this Target's Statement, including the risks of becoming a minority Euro Shareholder;
- (d) consider the choices available to you as outlined in Section 8 of this Target's Statement; and
- (e) obtain personal advice from your broker, financial adviser, accountant, lawyer or other professional adviser on the effect of accepting the Offer.

### **Further information**

The Directors will keep Euro Shareholders and Euro Optionholders informed of any material developments in relation to the Offer.

If you require further information on the Offer, information is available from:

- (a) Viculus' Company Announcements webpage on the ASX website; and
- (b) Justyn Stedwell, Company Secretary of Euro Petroleum Ltd, who is available on 0424 222 122 between 9.00 am and 5.00 pm Monday to Friday (AEST).

Yours sincerely

**Jitto Arulampalam**

Executive Chairman, **Euro Petroleum Ltd**

#### 4. FREQUENTLY ASKED QUESTIONS

Set out below is a summary of Viculus' Offer for your Euro Shares. This section is a summary only, and is not intended to address all issues relevant to the decision of whether to accept the Offer.

You should read the Target's Statement and the Bidder's Statement in their entirety before deciding whether to accept the Offer.

Question	Answer
<b><i>Takeover Documents</i></b>	
What is the Bidder's Statement?	<p>The Bidder's Statement is the document from Viculus containing the Offer that Viculus has made for your Euro Shares. The Bidder is required by law to send the Bidder's Statement to you and you should have received a copy of the Bidder's Statement along with this Target's Statement.</p> <p>Section 10 of the Bidder's Statement contains information about Viculus.</p> <p>Further information may be obtained by calling Derek Lo, Company Secretary of Viculus, on (03) 9620 0888.</p>
What is the Target's Statement?	<p>Euro is legally obliged to publish a Target's Statement in response to the Offer. The Target's Statement contains Euro's formal response to the Offer and includes the recommendations of the Euro Directors in relation to the Offer. It contains information to assist you decide whether or not to accept the Offer for your Euro Shares.</p> <p>The Euro Directors encourage you to review the information in this Target's Statement and the Bidder's Statement carefully, before making a decision as to whether to accept the offer.</p>
<b><i>Key Terms of the Offer</i></b>	
Who is making the Offer?	<p>Viculus Ltd (ACN 074 976 828) (Viculus).</p> <p>Viculus listed on the ASX (ASX:VCL) on 27 October, 1997. Viculus currently does not carry out any business activities and is suspended from trading.</p> <p>Following successful Completion, Viculus intends to change its name to Lanka Graphite Ltd to better suit the new direction of the Merged Entity.</p>
What is the Offer and Offer Consideration?	<p>Viculus proposes to issue and allot to Euro Securityholders:</p> <ul style="list-style-type: none"> <li>• one (1) Viculus Share for every one (1) Euro Share held at the Takeover Record Date; and</li> <li>• one (1) Viculus Option for every one (1) Euro Option held and cancelled pursuant to the Bid Conditions.</li> </ul> <p>The Offer closes on the Takeover Closing Date.</p>
What are the Bid Conditions?	<p>The Offer is subject to a number of Bid Conditions which are set out in Annexure A of the Bidder's Statement. The Bid Conditions</p>

	are also summarised in section 7 of this Target's Statement.
What if Viculus improves the Bid Consideration under its Offer?	If Viculus improves the Bid Consideration under its Offer (as referred to in section 7 of this Target's Statement), all Euro Securityholders who have accepted the Offer will be entitled to the benefit of that improved Bid Consideration (whether they accepted the Offer before or after the Bid Consideration is improved).
<b>Choices with respect to the Offer</b>	
What choices do I have as a Euro Shareholder?	<p>You have the following choices in respect of your Euro Shares and Euro Options:</p> <ul style="list-style-type: none"> <li>• accept the Offer (recommended in the absence of a Superior Proposal);</li> <li>• reject the Offer (no action is necessary); or</li> <li>• sell some/all of your Euro Shares or Euro Options (unless you have formally accepted the Offer and you have not validly withdrawn your acceptance).</li> </ul> <p>A summary of the implications of making each of the above choices is contained in section 5 of this Target's Statement.</p> <p>If you accept the Offer, you will be agreeing to transfer all (and not some) of the Euro Shares that you hold to Viculus. You will be prevented from participating in a Superior Proposal (should one eventuate) once you have accepted the Offer.</p>
What do the Euro Directors recommend?	The Directors unanimously recommend that you accept the Offer, absent a Superior Proposal, for the reasons contained in Section 6 of this Target's Statement.
What do the Euro Directors intend to do with their Euro Shares?	All Euro Directors will accept the Offer in respect of any Euro Shares that they - or their associated entities - own or control.
How many Euro Shares does Viculus already have?	Viculus does not have a relevant interest in any of the Euro Shares currently on issue.
When does the Offer open and close?	<p>The Offer is scheduled to close at 5.00pm AEST on the Takeover Closing Date.</p> <p>However, the Offer Period can be extended in certain circumstances. See section 7.5 of this Target's Statement for details of these circumstances.</p>
<b>Acceptance of the Offer</b>	
Who can accept the Offer?	<p>Any person who is capable of giving good title to a parcel of Euro Shares at the Takeover Record Date and has not already accepted the Offer for those Euro Shares may accept the Offer in respect of all (but not some) of their Euro Shares.</p> <p>You may accept the Offer in respect of any Euro Shares which are <i>not</i> held in your name, but to which you are entitled to be registered as holder.</p>
What if I am an Ineligible Foreign Euro Shareholder or an	If you accept the Offer and are an Ineligible Foreign Euro Shareholder or an Unmarketable Parcel Euro Shareholder, you

<p>Unmarketable Parcel Euro Shareholder?</p>	<p>will not be entitled to receive Viculus Shares as consideration for your Euro Shares held by you pursuant to the Offer.</p> <p>The Viculus Shares that Ineligible Foreign Euro Securityholders and Unmarketable Parcel Euro Securityholders which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Viculus Shares and remit the proceeds (less transaction costs) of such sale to you by cheque in Australian dollars.</p>
<p>When can I accept the Offer?</p>	<p>You may accept the Offer at any time during the Offer Period which is currently scheduled to close at 5.00pm AEST on 8 September 2014, unless extended or withdrawn in accordance with the Corporations Act.</p>
<p>How do I accept the Offer?</p>	<p>Details are set out in section 8 of Target’s Statement, in the Bidder’s Statement and in the Acceptance Form accompanying the Bidder’s Statement.</p> <p>Before accepting the Offer, Euro Shareholders should:</p> <ul style="list-style-type: none"> <li>(a) read this Target’s Statement and the Bidder’s Statement in full;</li> <li>(b) consider all information provided in the Bidder’s Statement and Target’s Statement, including risk factors set out in Section 11 of this Target’s Statement;</li> <li>(c) consult your broker, financial or other professional adviser if you are in any doubt as to what action, if any, you should take or how to accept the Offer; and</li> <li>(d) validly accept the Offer by completing the applicable Acceptance Form enclosed in the Bidder’s Statement by following the instructions provided on it, and return the signed applicable Acceptance Form in the self-addressed envelope enclosed in the Bidder’s Statement or to the address below:</li> </ul> <p style="text-align: center;">Attn: Derek Lo, Company Secretary Viculus Limited Suite 32, Level 18, 101 Collins Street Melbourne VIC 3000</p> <p>All Acceptance Form must be received by Viculus or Viculus’ nominated Share Registry before 5pm (AEST) on the Takeover Closing Date unless that time and date is extended or the Offer is withdrawn.</p>
<p>Can I accept the Offer?</p>	<p>The Offer is not registered in any jurisdiction outside Australia and New Zealand (unless an applicable foreign law treats it as registered as a result of this Target’s Statement being lodged with ASIC).</p> <p>It is your sole responsibility to satisfy yourself as to whether you are permitted to accept the Offer pursuant to any foreign law</p>

	applicable to you.
If I accept the Offer, can I later withdraw my acceptance?	<p>You cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p> <p>This will arise if Viculus varies the Offer in a manner which postpones, for more than one month, the time when Viculus is required to satisfy its obligations under the Offer.</p> <p>Please see section 7.8 of this Target's Statement for further details.</p>
If I do not accept the Offer?	<p>If you do not accept the Offer, you will retain your Euro Shares and will not be entitled to receive any Offer Consideration.</p> <p>However, if Viculus acquires a relevant interest in at least 90% of the Euro Shares by the end of the Offer Period (in satisfaction of the Minimum Acceptance Condition) and each other Condition is satisfied or waived, Viculus has stated that it will proceed to compulsory acquisition of all Euro Shares not yet acquired by Viculus.</p> <p>In such a situation, all Euro Shareholders who have not yet accepted the Takeover Bid, and whose Euro Shares are being compulsorily acquired, will be issued with the Bid Consideration on the same terms as Euro Shareholders who have accepted the Bid.</p>
Can Viculus withdraw the Offer?	Viculus cannot withdraw the Offer if you have already accepted it. Before you accept the Offer, Viculus may withdraw the Offer with the written consent of ASIC and subject to conditions (if any) specified in such consent.
How do I reject the Offer?	<p>No action is required by you if you choose to reject the Offer.</p> <p>However, be aware that if Euro Shareholders who hold more than 90% of Euro Shares accept the Offer, Viculus will be entitled to compulsorily acquire any Euro Shares held by Euro Shareholders who do not accept the Offer.</p>
Can I accept the Offer for only some of my Euro Shares?	No. You only can accept the Offer in respect of all your Euro Shares, unless you hold the Shares as trustee or nominee for, or otherwise on account of, more than one person.
What are the consequences of accepting the Offer now?	<p>Your right to accept a Superior Proposal lapses if you accept the Offer (unless withdrawal rights arise under the Corporations Act). You will also be unable to sell or deal with your Euro Shares while the Offer remains open.</p> <p>Further particulars on the consequences of acceptance can be found in section 7.7 of the Target's Statement and in section 4 of the Bidder's Statement.</p>
What are the risks of accepting the Offer?	The performance of the Merged Entity and the market price and value of the Viculus Shares will be subject to a range of risks. Section 10 of the Bidder's Statement and Section 11 of the Target's Statement provide a detailed explanation of the risks of the Offer.

	<p>Whilst Euro has conducted due diligence on the proposed Offer, Viculus may have liabilities which Euro has not been able to identify during due diligence, or are greater than those identified during its due diligence inquiries. Such liabilities may adversely impact the future financial position of the Merged Entity.</p>
<b><u>Offer Consideration</u></b>	
<p>If I accept, when will I receive my Offer Consideration?</p>	<p>Euro Securityholders will not receive the Offer Consideration until each of the Bid Conditions have been satisfied.</p> <p>Section 7.9 of this Target's Statement provides further details on when you will be sent your Viculus Shares.</p>
<p>What rights will attach to the Viculus Shares provided as Offer Consideration?</p>	<p>The Viculus Shares issued as Offer Consideration will be fully paid and will, from the time of issue, rank equally in all respects with existing Viculus Shares. A description of the rights and liabilities attaching to the Viculus Shares is included in the Bidder's Statement.</p>
<p>Will I be able to trade my Viculus Shares immediately?</p>	<p>Viculus has sought a waiver for the escrow provisions of the ASX Listing Rules, so that:</p> <p>(a) if you are not a related party or promoter of Euro; and</p> <p>(b) your Euro Shares were issued more than twelve months prior to the date of completion of the Offer;</p> <p>you will be permitted to trade all of the Viculus Shares issued to you as Offer Consideration on the ASX upon their issue.</p> <p>Any waiver of the escrow provisions will not apply to the extent that Euro has issued securities in consideration for services provided to Euro or to promoters of Euro. Such securities are likely to be escrowed for 24 months.</p> <p>For further information about how the ASX Listing Rules will apply to the Bid Consideration securities, please refer to Section 13.7 of the Bidder's Statement.</p>
<b><u>Conditions of the Offer</u></b>	
<p>Are there any conditions to completion of the Offer?</p>	<p>The Offer is subject to the Bid Conditions set out in Annexure A of the Bidder's Statement.</p> <p>In summary, the key Bid Conditions are as follows:</p> <ul style="list-style-type: none"> <li>• At the end of the Offer Period, Viculus and its Associates must have a Relevant Interest in more than 80% (by number) of all of the Euro Shares (both on a undiluted and on a fully-diluted basis);</li> <li>• All Euro Optionholders must accept the cancellation of their Euro Options in consideration for the issue of one (1) Viculus Option for every one (1) Euro</li> </ul>

	<p>Option cancelled;</p> <ul style="list-style-type: none"> <li>• Viculus Shareholders must approve all the Necessary Resolutions at the Viculus General Meeting of Shareholders to be held to approve the Transaction;</li> <li>• The Minimum Subscription being reached under the Capital Raising;</li> <li>• ASX consenting to the Re-Admission;</li> <li>• The Conditions Precedent under the Heads of Agreement being satisfied;</li> <li>• No Euro Prescribed Occurrence happens in the period between the date on which the Heads of Agreement is entered into and the Completion Date; and</li> <li>• During the relevant period, Euro does not experience a Material Adverse Change.</li> </ul>
What happens if the Conditions are not satisfied or waived?	<p>If the Bid Conditions are not satisfied before the Offer closes or waived within the prescribed period, then the Offer will lapse and your acceptance of the Offer will be void.</p> <p>If this occurs, you will continue to hold your Euro Shares and be free to deal with them as if the Offer had not been made.</p>
<b><i>Intentions of Viculus after completion of the Offer</i></b>	
What are Viculus's plans for Euro after completion of the Offer?	Following successful completion of the Takeover Bid, Viculus has indicated that it intends to focus on exploration of the Tenements.
<b><i>Additional information</i></b>	
Will I incur any stamp duty or brokerage if I accept the Offer?	You will not incur any stamp duty or brokerage in connection with your acceptance of the Offer.
What are the tax implications of accepting the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in Section 12 of the Bidder's Statement.</p> <p>While the outline provides a general summary of the potential Australian tax implications of participating in the Offer, the tax consequences of participation will depend on the individual investor's circumstances, and, as such, you should obtain your own tax advice before accepting the Offer.</p>
Will I receive further advice from the Directors during the Offer Period?	<p>The Directors will be closely monitoring the progress of the Offer.</p> <p>If circumstances change, or if matters arise which should be drawn to the attention of Euro Securityholders, the Directors will ensure that Euro Securityholders are promptly and appropriately advised.</p>
How can I make further enquiries?	If you have any further queries in relation to the Offer, you can call Justyn Stedwell (Company Secretary of Euro Petroleum Ltd, who is available on 0424 222 122 between 9.00 am and 5.00 pm

	Monday to Friday (AEST), or refer to Viculus' Company Announcements page on the ASX website.
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## 5. SUMMARY OF THE OFFER

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### 5.1. The Offer

On 11 February 2014, Viculus announced its intention to make an off-market takeover bid for all ordinary shares in Euro pursuant to Part 6.5, Division 2, of the Corporations Act (**Takeover Bid**).

On 1 August 2014 Viculus lodged its Bidder's Statement with ASIC and intends to send the Bidder's Statement to Euro Securityholders on 7 August 2014.

The Offer is summarised in section 4 of this Target's Statement. Section 11 of the Bidder's Statement contains the full terms of the Offer and the Bid Conditions, together with other material information, and you should carefully read the Bidder's Statement in conjunction with this Target's Statement.

Once you have accepted the Offer, you will be prevented from participating in a Superior Proposal, should one eventuate, unless the limited circumstances for withdrawal of your acceptance apply. However, as at the date of this Target's Statement, the Euro Directors are not aware of a current or impending Superior Proposal.

The Euro Directors will continue to assess any opportunities that may arise to obtain a Superior Proposal for your Euro Shares and deal with any such opportunities in a manner consistent with their statutory and fiduciary duties.

### 5.2. Offer Period

The Offer is open for acceptance until 5.00pm AEST on 8 September 2014 unless it is extended or withdrawn.

Sections 7.5 and 7.6 of this Target's Statement describe the circumstances in which Viculus can extend or withdraw its Offer.

### 5.3. Offer Consideration

The consideration being offered by Viculus under the Offer is:

- the allotment and issue of one (1) Share to Euro Shareholders for every one (1) share held in Euro; and
- the allotment and issue of one (1) Option to Euro Optionholders for every one (1) Euro Option held and cancelled pursuant to the Bid Conditions.

The Offer is subject to a number of Bid Conditions. The Conditions are summarised in section 7.2 of this Target's Statement and set out in full in Annexure A of the Bidder's Statement.

### 5.4. Payment of Offer Consideration

Viculus has stated in the Bidder's Statement that if you accept the Offer, subject to satisfaction of the Conditions of the Offer, you will receive one (1) Viculus Share for every one (1) Euro Share held by you and one (1) Viculus Option for every one (1) Euro Option held.

Full details of when you will receive the Offer Consideration are set out in Section 4 of the Bidder's Statement.

Euro Securityholders should note that they will not receive the Offer Consideration any sooner by accepting the Offer early and, in any event, will not receive the Offer Consideration until each of the Bid Conditions have been satisfied or waived.

Euro Securityholders will not be required to pay brokerage or any other costs in relation to the sale of their Euro Shares under the Offer.

## **5.5. Conditions to The Offer**

The Offer is subject to the Bid Conditions summarised in section 7.2 of this Target's Statement and set out in Annexure A of the Bidder's Statement.

In summary, the key Bid Conditions are as follows:

- (a) At the end of the Offer Period, Viculus and its Associates having a Relevant Interest in more than 80% (by number) of all of the Euro Shares both on a undiluted and on a fully-diluted basis;
- (b) All Euro Optionholders accepting the cancellation of their Euro Options in consideration for the issue of one (1) Viculus Option for every one (1) Euro Option Cancelled;
- (c) The passage of all resolutions put to Viculus shareholders at the Viculus Annual General Meeting to be held to approve the Transaction.
- (d) A successful public offer Capital Raising to raise between \$3,500,000 and \$5,000,000 in connection with the Re-Admission.
- (e) ASX consenting to the Re-Admission
- (f) Conditions precedent under the Heads of Agreement being satisfied
- (g) No Euro Prescribed Occurrence happens in the period between the date on which the Heads of Agreement is entered into and the Completion Date; and
- (h) During the Exclusivity Period, Euro does not experience a Material Adverse Change.

Please refer to Annexure A of the Bidder's Statement for full details of the Bid Conditions.

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## 6. EURO DIRECTORS' RECOMMENDATIONS, INTENTIONS AND INTERESTS

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### 6.1. Who are the Directors?

The Directors of Euro are:

Name	Position
Mr Jitto Arulampalam	Executive Chairman
Mr Frank Cannavo	Director
Mr Adrian Santini	Director
Mr Tamura Yoshiaki	Director

### 6.2. Recommendation of Directors'

The Euro Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal for Euro for the reasons set out in section 6.5 of this Target's Statement.

In considering whether to accept the Offer, your Directors encourage you to:

- (a) read the whole of this Target's Statement and the Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) consider the alternatives noted in section 8 of this Target's Statement; and
- (d) obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

### 6.3. Relationships between Euro and Viculus Directors

No Board members currently hold shares in Viculus.

However, pursuant to the proposed Offer, the Directors of Euro (directly or via interposed entities) will hold the following Shares and Options in Viculus, such Shares and Options being granted as Bid Consideration:

Director	Options	Shares
Jitto Arulampalam	3,000,000	Nil
Adrian Santini	1,500,000	450,000
Tamura Yoshiaki	Nil	Nil
Frank Cannavo	3,000,000	1,400,100

At the Viculus General Meeting on 25 August 2014, Jitto Arulampalam (the Executive Director of Euro) will be nominated for election as a non-executive director of Viculus.

### 6.4. Intentions of your Directors in relation to the Offer

Each Director of Euro has advised that they will accept the Offer in respect of any Euro Shares that they, or their associates, own or control (whether they are held directly or through an entity they control) and will accept cancellation of all of their Euro Options, in the absence of a Superior

Proposal. Details of direct and indirect holdings of each Euro Director in Euro Shares are set out in section 12 of this Target's Statement.

## **6.5. Reasons to accept the Offer**

The Directors recommend that Euro Securityholders accept the Offer in the absence of a Superior Proposal.

In summary, the key reasons why the Directors of Euro have recommended Euro Securityholders accept the Offer (in the absence of a Superior Proposal) are:

### **1. Your shareholding will be more liquid in the Merged Entity, which will have a stronger balance sheet and improved fundraising capability, with the financial capacity to progress its exploration projects.**

Since the incorporation of Euro approximately 3 years ago, the Euro Directors have explored a number of options to raise capital. These options included an initial public offering on a recognised stock exchange or undertaking a reverse takeover into an existing listed company.

The key objectives of the Euro Directors during this period have been:

- (a) to raise additional capital, which will facilitate the acquisition and exploration opportunities associated with the Tenements and Exploration Licence Applications; and
- (b) to provide shareholders with a liquid market for their shares in Euro.

The Offer may provide Euro Shareholders with the opportunity to realise these objectives and associated benefits.

It is the intention of the Viculus Board that, after Completion of the Takeover Bid, Viculus will be re-admitted to the Official List of the ASX. As a listed company, the Merged Entity may have access to a wider range of financial opportunities, including a wider spread of shareholders, which may facilitate future capital raising.

The Merged Entity is also expected to have a deemed market capitalisation of approximately \$13.4 million after completion of the transaction (assuming that \$3.5 million is raised under the Capital Raising and the Takeover Bid reaches Completion). Therefore, the Merged Entity may have additional financial capacity to progress exploration of the Tenements.

As Euro is currently an unlisted public company, Euro Securityholders are not able to trade their shares freely on the ASX. If the Takeover Bid reaches Completion, Euro Securityholders will become shareholders of Viculus, an ASX listed company, and may benefit from the greater liquidity associated with being able to trade their shares in an open market.

Therefore, if Euro Shareholders accept the offer, they may have access to a greater range of investors and, if they opt to sell their holding in Viculus, may find it easier to trade their Viculus Shares than if they held Euro Shares of the sale value.

### **2. The Offer represents an appropriate price for your Euro Shares**

Many Euro Shareholders invested at an issue price of \$0.10 per share. Pursuant to the Takeover Bid, the Offer Consideration values Euro Shares at \$0.20 for every Euro Share held as at the date of this Target's Statement.

The Euro Directors therefore consider that the Bid Consideration represents appropriate consideration for Euro Shareholders' Euro Shares.

However, the implied value of the Bid Consideration will change as a consequence of changes in the market price of the Viculus Shares from time to time.

### **3. The Merged Entity will have a strong board and management team**

Pursuant to shareholder approval granted at the Viculus Annual General Meeting, Viculus will appoint Euro's Executive Chairman, Jitto Arulampalam, as a director of Viculus (and therefore the Merged Entity).

The Merged Entity intends to appoint other directors as necessary, and will secure a strong Board and management team.

Please refer to Section 6 of the Bidder's Statement for information on the proposed Board of Viculus and profiles of Viculus Directors.

### **4. Potential availability of Capital Gains Tax relief**

If the conditions for scrip for scrip rollover relief are satisfied (including that Viculus becomes the holder of 80% or more of the voting shares in Euro), Australian resident Euro Securityholders who would otherwise make a capital gain from the disposal of their Euro Shares pursuant to the Offer may be entitled to full scrip for scrip rollover relief.

If scrip for scrip rollover relief is available, and a scrip for scrip rollover relief election is made, any capital gain stemming from the exchange of Euro Shares for Viculus Shares may be disregarded until a further CGT event (such as disposal) occurs in respect of the Viculus Shares received pursuant to the Offer.

However, if you are an Australian tax resident and are not eligible for rollover relief, the amount of capital gain flowing from the disposal of your Euro Shares should be included in your assessable income.

Please refer to Section 12 of the Bidder's Statement for more information.

However, Euro Shareholders should seek independent professional advice from their advisors on the taxation consequences of the Offer as it relates to their individual circumstances.

### **5. The Offer is the only proposed transaction before Euro**

The Offer is the only proposed transaction before Euro.

While the Directors have considered other opportunities to raise capital, there is a significant risk that if the Offer had not been made, Euro would remain unlisted and Euro Securityholders would be unable to realise their investment.

This Offer provides you with an opportunity to exchange your Euro Shares for shares in the Merged Entity.

As discussed above, the Euro Directors consider that the Merged Entity may be able to raise additional capital to facilitate the acquisition and exploration of the Tenements, and may constitute a more liquid investment than a shareholding in Euro.

## **6. Risks in relation to the Offer**

The Directors recommend that Euro Securityholders accept the Offer in the absence of a Superior Proposal but consider that Euro Securityholders should also be aware of the following factors in making their decision in relation to the Offer:

- (a) the inability to accept a Superior Proposal if one was to emerge;
- (b) the dilution of their shareholdings and therefore a dilution of any potential benefits flowing from Euro assets;
- (c) the risk of fluctuations in Viculus' share price; and
- (d) the effect of the Offer on Euro's material agreements.

### **a. Inability to accept a Superior Proposal**

Unless a right to withdrawal arises under the Corporations Act, accepting the Offer will preclude you from accepting a Superior Proposal from a third party, should one emerge during the Offer Period.

At the date of this Target's Statement, the Euro Directors are not aware of a current or anticipated Superior Proposal.

Accepting the Offer would preclude you from selling your Euro Shares, but does not preclude you from accepting the benefit of any superior price offered by Viculus, provided that such offer is made before the Takeover Closing Date.

At the date of this Target's Statement, Viculus has given no indication that it intends to increase the Offer Consideration.

### **b. Reduced exposure to Euro's Offer**

If you accept the Offer and the Offer becomes unconditional, your interest in the Tenements and Exploration Licence Applications will be diluted.

Assuming successful Completion of the Takeover Bid and that all Euro Optionholders exercise the Viculus Options issued as Bid Consideration, and that all Directors' Options are exercised, Euro Shareholders' interest in the capital of the Merged Entity will be diluted to 46.82% upon the Minimum Raising of \$3.5 million and 43.96% upon the Maximum Raising of \$5 million.

	<b>Min Raising (\$3.5 million)</b>	<b>Max Raising (\$5 million)</b>
<b>Shares on Issue as at the date of this Prospectus</b>	<b>10,173,860</b>	<b>10,173,860</b>
Shares to be issued under the Offer	17,500,000	25,000,000
Shares to be issued to Euro Shareholders as consideration under the Takeover Bid	39,551,350	39,551,350
Options to be issued to Directors	5,500,000	5,500,000
Options to be issued to Euro Optionholders as consideration under the Takeover Bid	9,750,000	9,750,000
Total Number of Securities on Issue following Offer	84, 475, 210	89,975,210
Close Date		

However, this dilution has to be weighed against the dilution that is likely to occur if Euro remains an independent company and has to raise working capital to fund its projects through further equity raisings.

**c. Risks in relation to Viculus Shares**

If the terms of the Offer are accepted by Euro Securityholders, Euro Securityholders will receive the Bid Consideration in the form of Viculus Shares. The value of the Offer to those Euro Securityholders will therefore depend upon the future value of Viculus Shares. The future value of Viculus Shares will itself depend on the future performance of the Merged Entity.

Euro Securityholders should therefore consider the risks described in Section 10 of the Bidder's Statement. These risks may have a material adverse impact on the future performance of Viculus.

**d. Risks relating to effect of Offer on Euro's material agreements**

To the best of Euro's knowledge, none of the material contracts to which Euro is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Euro.

**e. Minority ownership consequences**

Viculus may acquire more than 50% but less than 90% of Euro Shares pursuant to the Offer. If this occurs, Euro Securityholders who do not accept the Offer may become minority shareholders in Euro.

This has a number of possible implications, including that:

- (a) Viculus will be in a position to cast the majority of votes at a general meeting of Euro, enabling it to:

- Control the composition of Euro's Board and senior management;
- Determine Euro's dividend policy; and
- Control the strategic direction of the businesses of Euro and its subsidiaries.

(b) at the end of the Offer Period, the liquidity of Euro Shares may decrease and the price of Euro Shares may fall;

(c) if Viculus acquires 75% or more of the Euro Shares, Viculus will be able to pass a special resolution of Euro, enabling Viculus to change Euro's Constitution (among other things); and

(d) if Viculus acquires a majority of the Euro Shares on issue, the Directors believe that it is unlikely that a subsequent takeover bid for Euro will emerge from a third party at a later date.



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## **7. KEY FEATURES OF THE OFFER AND MATTERS TO CONSIDER**

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### **7.1. Consideration payable to Shareholders who accept the Offer**

The consideration being offered by Viculus to the Euro Securityholders pursuant to the Offer is as follows:

- (a) one (1) Viculus Share for every one (1) Euro Share held; and
- (b) one (1) Viculus Option for every one (1) Euro Option held.

### **7.2. Bid Conditions**

The Offer is subject to a number of Bid Conditions which are set out in full in Annexure A of the Bidder's Statement.

In summary, the key Bid Conditions are as follows:

- (a) At the end of the Offer Period, Viculus and its Associates having a Relevant Interest in more than 80% (by number) of all of the Euro Shares both on a undiluted and on a fully-diluted basis;
- (b) All Euro Optionholders accepting the cancellation of their Euro Options in consideration for the issue of one (1) Viculus Option for every one (1) Euro Option cancelled;
- (c) The passage of all resolutions put to Viculus Shareholders at the Viculus General Meeting of Shareholders to be held to approve the Transaction;
- (d) A successful public offer Capital Raising to raise between \$3,500,000 and \$5,000,000 in connection with the Re-Admission;
- (e) ASX consenting to the Re-Admission;
- (f) No Euro Prescribed Occurrence happens in the period between the date on which the Heads of Agreement is entered into and the Completion Date; and
- (g) Euro not experiencing a Material Adverse Change during the Exclusivity Period.

### **7.3. Notice of Status of Conditions**

The Bidder's Statement indicates that Viculus will give a Notice of Status of Conditions to the ASX and Euro on 1 September 2014

Viculus is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the Conditions;
- (b) whether, to the best of Viculus' knowledge, any of the Conditions have been fulfilled on the date the Notice of Status of Conditions is given; and
- (c) Viculus's voting power in Euro.

If the Offer Period is extended before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the that period. In the event of such an extension, Viculus is required, as soon as practicable after the extension, to give a notice to the ASX and Euro that states the new date for the giving of the Notice of Status of Conditions.

If a Bid Condition is fulfilled (so that the Offer becomes free of that Bid Condition) during the Bid Period, but before the date on which the Notice of Status of Conditions is required to be given, Viculus must, as soon as practicable, give the ASX and Euro a notice that states that the particular Bid Condition has been fulfilled.

#### **7.4. Offer Period**

Unless the Offer is extended or withdrawn, it is open for acceptance from 7 August 2014 until 5.00pm AEST 8 September 2014.

#### **7.5. Extension of the Offer Period**

Pursuant to Section 650(C)(2) of the Corporations Act, Viculus may not extend the Offer Period while after it has given a Notice of Status of Conditions.

However, if the Offer is unconditional (that is, all the Bid Conditions are fulfilled or waived), Viculus may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Viculus improves the consideration offered under the Offer; or
- (b) Viculus's voting power in Euro increases to more than 50%.

If either of these events occurs, the Offer Period is automatically extended and will end 14 days after the relevant event occurs.

#### **7.6. Withdrawal of Offer**

Viculus may not withdraw the Offer if Euro Shareholders have already accepted it.

However, before you accept the Offer, Viculus may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

#### **7.7. Effect of Acceptance**

Accepting the Offer would (subject to the withdrawal rights discussed below):

- (a) prevent you from accepting any Superior Proposal that may be made by a third party;
- (b) relinquish control of your Euro Shares to Viculus with no guarantee of receipt of the Offer Consideration until the Offer becomes, or is declared, unconditional;

- (c) if the Bid Conditions are not satisfied, give Viculus the option to either keep your Shares (by waiving the conditions) or allow the Offer to lapse (as discussed in Section 7.11); and
- (d) prevent you from selling your Euro Shares.

### **7.8. Your ability to withdraw your acceptance**

You may only withdraw your acceptance of the Offer if Viculus varies the Offer in a way that postpones, for more than one month, the time when Viculus needs to meet its obligations under the Offer. This will occur if Viculus extends the Offer Period by more than one month and the Offer is still subject to the Bid Conditions.

In those circumstances, you will have a period of one month after the date that the Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you will receive further statutory withdrawal rights (that is, a further month long withdrawal right for each and every extension thereafter provided the Offer is still subject to the Bid Conditions).

### **7.9. When you will receive your Viculus Shares if you accept the Offer**

In the usual case, you will be issued your Viculus Shares on or before the later of:

- (a) one month after the date the Offer becomes or is declared unconditional; and
- (b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional, but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the timetable for issuing of consideration. Full details of when you will be issued your Viculus Shares are set out in section 4 of the Bidder's Statement.

### **7.10. Effect of an improvement in consideration on Shareholders who have already accepted the Offer**

If Viculus improves the Bid Consideration offered under the Takeover Bid, all Euro Securityholders will be entitled to the benefit of that improved Bid Consideration, whether or not they have accepted the Offer before the improvement.

### **7.11. Lapse of Offer**

The Offer will lapse if the Bid Conditions are not waived or fulfilled by the end of the Offer Period. If the Offer lapses, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void, and you will be free to deal with your Euro Shares as you see fit.

### **7.12. Compulsory Acquisition**

In section 9 of its Bidder's Statement, Viculus has indicated that, if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Euro Shares in accordance with Part 6A.1 of the Corporations Act.

If, during or at the end of the Offer Period, Viculus and its associates have a relevant interest in at least 90% (by number) of the Euro Shares, Viculus will be entitled to compulsorily acquire any remaining Euro Shares on the same terms as the Offer.

If the compulsory acquisition threshold is met, Viculus will have one month after the end of the Offer Period, within which to give compulsory acquisition notices to Euro Securityholders who have not accepted the Offer.

Euro Securityholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Euro Shares. If compulsory acquisition occurs, Euro Securityholders who have their Euro Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

Alternatively, Viculus may, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Euro Shares. Viculus would then have rights to compulsorily acquire any remaining Euro Shares within 6 months of reaching the 90% threshold, subject to an independent expert's assessment that the proposed price for the acquisition represents fair and reasonable value for the Euro Shares.

### **7.13. Ineligible Foreign Euro Securityholders**

Ineligible Foreign Euro Securityholders will not be entitled to receive Viculus Shares as consideration for their Euro Shares pursuant to the Offer.

A Euro Shareholder is an Ineligible Foreign Euro Shareholder for the purposes of the Offer if their address as shown in the register of members of Euro is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be an Ineligible Foreign Euro Shareholder if Viculus is satisfied that it is not legally or practically constrained from making the Offer to a Euro Shareholder in the relevant jurisdiction and to issue Viculus Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the Euro Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

Viculus's Shares which would otherwise have been issued to Ineligible Foreign Euro Securityholders will instead be issued to the Sale Nominee who will sell these Viculus Shares.

The proceeds of the sale (less any transaction costs) of such Viculus Shares will then be remitted to the relevant Ineligible Foreign Euro Securityholders. See section 11 of the Bidder's Statement for further details.

### **7.14. Intentions of the Bidder**

The intentions of Viculus (as at the date of the Bidder's Statement) in relation to Euro, its business, assets and employees are set out in section 9 of the Bidder's Statement.

The statements set out in section 9 of the Bidder's Statement are statements of Viculus's intentions at the date of the Bidder's Statement. These intentions may change as new information becomes available or circumstances change.

### **7.15. Other alternatives to the Offer**

Euro Shareholders should note that the Euro Directors' recommendation is subject to the absence of a Superior Proposal or Competing Proposal.

At this stage, the Board is not in a position to provide Shareholders with information in relation to the probability of an alternative transaction (including a Competing Proposal or Superior Proposal) arising but will keep Shareholders informed of any material developments.

As at the date of this Target's Statement, no Competing Proposal or Superior Proposal had been received by the Euro Board. Should such a proposal arise, the Euro Directors will reconsider their recommendation and inform you accordingly.

### **7.16. Euro Share price absent the Offer**

Currently, Euro Shares are not quoted on a financial market and are an illiquid investment. There is no guarantee an active market for Euro Shares will develop in the future.

The Euro Directors therefore consider that there is a significant risk that, if the Offer is not successful, Euro will remain unlisted and Euro Securityholders will be unable to realise their investment.

### **7.17. Taxation consequences of a change in control in Euro**

A general outline of the Australian taxation considerations of accepting the Offer are set out in section 12 of the Bidder's Statement.

While the outline provides a general summary of the potential Australian tax implications of participating in the Offer, the tax consequences of participation will depend on the individual investor's circumstances. As such, you should obtain your own tax advice before accepting the Offer.

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## 8. YOUR CHOICES AS A EURO SHAREHOLDER

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**Your Directors unanimously recommend that you accept the Offer (in the absence of a Superior Proposal).**

However, as a Euro Shareholder you have three choices currently available to you during the Offer Period:

**(a) Accept the Offer**

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and the Acceptance Form. To validly accept the Offer, Viculus must receive your acceptance before 5.00pm (AEST) on 8 September 2014, unless the Offer Period is extended.

Subject to the Bid Conditions being satisfied or waived, you will receive one (1) Viculus Share for every one (1) Euro Share held and one (1) Viculus Option for every one (1) Euro Option held and cancelled in connection with the Bid.

Once you accept the Offer, your acceptance cannot be withdrawn except in the limited circumstances provided by the Corporations Act.

You should be aware that the market price of Euro Shares vary from time to time after you have accepted the Offer, and therefore that the implied value of the Takeover Bid and Bid Consideration may change.

A general outline of the tax consequences of accepting the Offer is outlined in Section 12 of the Bidder's Statement.

**(b) Reject the Offer**

If you wish to reject the Offer, no action is required. However, if Viculus and its associates have a relevant interest in at least 90% of the Euro Shares during or at the end of the Offer Period, Viculus will be entitled to compulsorily acquire any Euro Shares that it does not already own.

**(c) Sell your Euro Shares**

Euro Securityholders who have not already accepted the Offer can still sell their Euro Shares.

Euro Shareholders who sell their Euro Shares may be liable for capital gains tax on the sale and may incur a brokerage charge in connection with the sale.

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## 9. EURO INFORMATION

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### 9.1. Background information on Euro

Since Euro's incorporation on 15 December 2010, Euro has raised approximately \$2,000,000 from seed investors subscribing at \$0.10 per share.

Euro has predominantly used the seed capital to conduct due diligence on prospective energy and resources exploration projects. The Euro Directors have sought to acquire a flagship asset with the potential to generate value for the company and its shareholders and which could enable Euro to list on a recognised stock exchange.

In or around mid-2012, Euro commenced negotiations with parties in Sri Lanka, and, since then has focused on acquisition of mining assets in Sri Lanka.

On 27 April 2013, Euro's subsidiary, Lanka Graphite Holdings Pty Ltd (**Lanka Graphite AUS**) entered into a Share Sale Agreement to acquire 70% of Lanka Graphite Pvt Ltd (**Lanka Graphite SL**). Lanka Graphite SL holds 5 granted Tenements in Sri Lanka and has filed a further 4 Exploration Licence Applications over areas that may be prospective for graphite.

It is currently anticipated that Lanka Graphite AUS will apply for, and obtain, Sri Lankan Board of Investments' (BOI) approval to acquire 70% of the share capital in Lanka Graphite SL, as an exemption from the Exchange Control Act is needed to exceed the foreign shareholding limitation of 40%. However, the structure of the acquisition of Lanka Graphite SL may be restructured, if necessary, to meet any further regulatory requirements advised by the BOI. Any such variations shall not result in Euro acquiring less than a beneficial interest of at least 70% of Lanka Graphite SL. Upon Completion of the Takeover Bid and Re-Admission, the Merged Entity will conduct exploration activities on the Tenements and will be entitled to the graphite mineralization at the Tenements, if any.

### 9.2. Capital structure of Euro

As at the date of this Target's Statement, Euro's issued capital consisted of 39,551,350 fully paid ordinary Euro Shares and 9,750,000 Euro Options, exercisable at \$0.30 per Euro Option on or before 30 June 2015.

As at the date of this Target's Statement, the following Euro Shareholders are substantial holders, having a relevant interest in more than 5% of the capital of Euro:

<b>Euro Shareholder</b>	<b>Shareholding</b>	<b>Voting power in Euro (%)</b>
It's A Breeze Emerging Fund	7,700,000	19.4%
Karmax Ltd	3,000,000	7.6%
Rogue Investments Pty Ltd	2,150,000	5.5%

### 9.3. Financial Information

The Historical and Consolidated Pro Forma Euro Consolidated Statement of Financial Position of the Merged Entity is set out below

#### Historical and Consolidated Pro-Forma Statements of Financial Position of Merged Entity

	Actual 31 March 2014 \$	Minimum Subscription Consolidated Pro-Forma 31 March 2014 \$	Full Subscription Consolidated Pro-Forma 31 March 2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	46,969	2,421,790	3,921,970
Trade and other receivables	9,773	9,773	9,773
<b>TOTAL CURRENT ASSETS</b>	<b>56,742</b>	<b>2,431,563</b>	<b>3,931,563</b>
<b>NON CURRENT ASSETS</b>			
Exploration and evaluation assets	24,587	1,799,390	1,779,390
Other Non- Current Assets	7,578	11,094	11,094
Goodwill		7,015,487	7,015,487
<b>TOTAL NON CURRENT ASSETS</b>	<b>32,165</b>	<b>8,825,971</b>	<b>8,825,971</b>
<b>TOTAL ASSETS</b>	<b>88,907</b>	<b>11,257,534</b>	<b>12,757,534</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21,834	121,989	121,989
Borrowings	89,685	1,675	1,675
<b>TOTAL CURRENT LIABILITIES</b>	<b>111,519</b>	<b>123,664</b>	<b>123,664</b>
<b>NON CURRENT LIABILITIES</b>			
	-	-	-
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>111,519</b>	<b>123,664</b>	<b>123,664</b>
<b>NET ASSETS</b>	<b>(22,612)</b>	<b>11,133,870</b>	<b>12,633,870</b>
<b>EQUITY</b>			
Issued capital	23,073,431	34,229,913	35,729,913
Accumulated losses	(23,096,043)	(23,096,043)	(23,096,043)
<b>TOTAL EQUITY</b>	<b>(22,612)</b>	<b>11,133,870</b>	<b>12,633,870</b>



#### **9.4. Dividend issues for Euro Securityholders**

Since its incorporation, Euro has not paid any dividends to Euro Shareholders. The Board of Euro does not expect this to change in the short to medium term.

#### **9.5 Material Contracts between Viculus and Euro**

Viculus entered into a non-binding Term Sheet with Euro on 28 August 2013 ('Term Sheet') before entering into the Heads of Agreement detailed at Section 7 of the Bidder's Statement.

Viculus and Euro also entered into a loan agreement ('Loan Agreement') on 29 August 2013. The material terms of the Loan Agreement are as follows:

- The parties acknowledged that, on or around 28 August 2012, Euro had lent \$20,000 to the Company at an interest rate of 10% per annum ('Initial Loan').
- Pursuant to the Loan Agreement, Euro agreed to lend Viculus a further \$40,000 at an interest rate of 10% per annum ('Further Advance').
- The Initial Loan and Further Advance ('Total Loan Amount') are repayable within seven (7) days of the completion of the Capital Raising by the Company;
- The Total Loan Amount is secured by a second-ranking registrable charge over all of Viculus' assets and undertaking in favour of Euro.
- Upon discharge of the first ranking charge registered over Viculus as at the date of the Loan Agreement, the second-ranking charge shall be registered as a first ranking charge.

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## 10. VICULUS INFORMATION

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### 10.1 Overview of Viculus

Viculus Ltd (Viculus) is a public company listed on the official list of the ASX (ASX: VCL) since 27 October 1997.

Please refer to section 6 of the Bidder's Statement for detailed information on Viculus.

As at the date of this Target's Statement, Viculus does not carry out any business activities, currently holds no business assets and is suspended from trading.

#### Current Viculus Capital Structure

The effect of the Offer (and Prospectus Offer) on the capital of Viculus is set out below, assuming no Viculus Options are exercised or other Viculus Shares issued other than as contemplated by this Target's Statement and the Capital Raising.

#### (a) Shares

	<b>Min Raising (\$3.5 million)</b>	<b>Max Raising (\$5 million)</b>
Shares on Issue as at the date of this Bidder's Statement	10,173,860	10,173,860
Viculus Shares to be issued under the Capital Raising	17,500,000	25,000,000
Viculus Shares to be issued to Euro Shareholders as consideration under the Offer	39,551,350	39,551,350
Total Number of Viculus Shares on Issue following completion of the Takeover Bid	64,725,210	74,725,210

#### (b) Options

<b>Details</b>	<b>No. of Options</b>	<b>Exercise Price</b>	<b>Expiry</b>
Viculus Options to be issued to Euro Optionholders as consideration under the Takeover Bid	9,750,000	\$0.30	36 months after the date of issue
Viculus Options to be	5,500,000	\$0.30	36 months after

issued to Directors			date of issue
<b>Total Viculus Options on issue if Completion of the Takeover Bid occurs</b>	15,250,000	\$0.30	36 months after date of issue

## 10.2 Effect on Substantial Shareholders

Based on current shareholdings, the table below summarises the expected substantial shareholders of Viculus on completion of the Takeover Bid (on a post-Consolidation basis).

Rank	Holder	No. of Shares
1	It's a Breeze Emerging Fund Pty Ltd	7,700,000
2	Karmax Ltd	3,000,000
3	Rogue Investments Pty Ltd	2,150,000
4	Bernard Newport	2,102,500
5	Bonvilla Constructions Pty Ltd.	1,520,000
6	Invest Mining Pty Ltd	1,400,000
7	Wingo Investments Corporation	1,000,000
8	Shi-Chung Chang	1,000,000
9	Peter Biantes and Yajune Gu	1,000,000
10	Gerard and Mark Luxon ATF the G & M Superfund	1,000,000
11	Balanjali Mandaleson	1,000,000
12	MDRA Pty Ltd	900,000
13	KSJ Super Fund Pty Ltd	763,040
14	LJR Constructions Pty Ltd	760,000
15	PeiFen Lee	700,000
16	Harry Doumbos	650,000
17	Chopper Heaven Pty Ltd ATF the Steven Malotsis Investment Trust	600,000
18	Thunder Investments Pty Ltd	525,000
19	Ms Shi Hu Hu	500,000
20	A&A Cannavo Nominees Pty Ltd ATF Anthony's Meats Superannuation Fund	500,000
	<b>Total</b>	<b>28,770,540</b>

## 10.3 Risks associated with becoming a Viculus Shareholder

There are certain risks with holding Viculus Shares which are outlined in section 10 of the Bidder's Statement.

The Bidder's Statement should be considered by Euro Securityholders before they decide on a course of action in relation to the Offer.

## 10.4 Viculus's Intentions with respect to Euro

**(a) Overview**

It is the present intention of Viculus, on the basis of information currently known to it, that;

- (i) the business of Euro will otherwise be continued in substantially the same manner as it is presently being conducted;
- (ii) no other major changes will be made to the business of Euro;
- (iii) there will not be any other redeployment of the fixed assets of Euro; and
- (iv) the present employees of Euro will otherwise continue to be employed by Euro.

**(b) Intentions upon acquisition of 80% or more of Euro**

If, as a result of the Takeover Bid, Viculus becomes entitled to compulsorily acquire outstanding Euro Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those Shares.

Viculus then intends to undertake the steps outlined in Section 7.12 of this Target's Statement.

**(c) Intentions upon gaining control but less than 80% of Euro**

If, following the close of the Takeover Bid period, Euro becomes a controlled entity, but not a wholly owned subsidiary of Viculus, Viculus presently intends, subject to the following to implement the objectives and goals stated in section 9 of the Bidder's Statement.

The extent to which Viculus will be able to implement these steps will be subject to:

- i. the law and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interest;
- ii. the legal obligation of the directors of Euro to act for proper purposes and in the best interests of Euro shareholders as a whole.

Having regard to this, and in particular the possible requirements of minority shareholder approval, it is possible that Viculus may be unable to implement some of these intentions.

**(d) Intentions if the Company does not acquire effective control of Euro**

Viculus reserves its right to declare the Takeover Bid free from the 80% minimum acceptance Bid Condition (or any other Bid Condition) to the Takeover Bid.

However, Viculus has not decided whether it will free the Takeover Bid from the 80% minimum acceptance Bid Condition (or any other Condition).

If the waiver occurs, Viculus intends, subject to the Corporations Act and the ASX Listing Rules, to implement the process outlined in Section 10.1(a) above.

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## 11. RISK FACTORS

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The following summary explains some of the risks associated with the proposed merger with Viculus.

The business activities of Viculus and the Merged Entity are subject to various risks that may impact on the future performance of Viculus and the Merged Entity. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Viculus and the Merged Entity and cannot be mitigated.

If the Offer becomes unconditional, Euro Shareholders who accept the Offer will become Viculus Shareholders. In those circumstances, Euro Shareholders will:

- (a) Continue to be exposed to the risks associated to the investment in Euro as a result of their indirect interest in Euro through Viculus;
- (b) be exposed to the risks which are specific to an investment in Viculus; and
- (c) be exposed to additional risks relating to the Offer and the Merged Entity.

The principal risk factors are explained below. These risks, however, are not intended to be an exhaustive list of risk factors to which Viculus and the Merged Entity are exposed.

Euro Shareholders should read the Bidder's Statement carefully and consult their professional advisors before deciding whether to accept the Offer. This Section 11 has been prepared without taking into account the individual financial situation and particular needs of Euro Shareholders.

For further information about the risks associated with the proposed merger, please refer to Section 10 of the Bidder's Statement.

### **Risks associated with the proposed merger with Viculus**

#### **11.1 Overview**

The business activities of Viculus and the Merged Entity are subject to various risks that may impact on the future performance of Viculus and the Merged Entity. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Viculus and the Merged Entity and cannot be mitigated.

If the Offer becomes unconditional, Euro Shareholders who accept the Offer will become Viculus Shareholders. In those circumstances, Euro Shareholders will:

- (a) Continue to be exposed to the risks associated to the investment in Euro as a result of their indirect interest in Euro through Viculus;
- (b) Be exposed to the risks which are specific to an investment in Viculus; and
- (c) Be exposed to additional risks relating to the Offer and the Merged Entity.

The principal risk factors are explained below. These risks, however, are not intended to be an exhaustive list of risk factors to which Viculus and the Merged Entity are exposed.

Euro Shareholders should read Section 10 of the Bidder's Statement and this section of the Target's Statement carefully and consult their professional advisors before deciding whether to accept the Offer. These sections have been prepared without taking into account the individual financial situation and particular needs of Euro Shareholders.

An investment in the Merged Entity carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative.

By accepting the Offer, Euro Shareholders will be investing in Viculus.

## **11.2 Risks relating to the Offer**

### **(a) Re-quotations of Shares on the ASX**

The acquisition of Euro constitutes a significant change in the nature and scale of the Viculus's activities. Accordingly, Viculus needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of the ASX.

There is a risk that Viculus may not be able to meet the requirements of the ASX for re – quotation of its shares. Should this occur, the shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all.

While this is not a risk for new investors, insofar as their funds will be returned should Viculus not successfully re-comply, this is a risk for existing shareholders who may be prevented from trading their shares should the Company be suspended until such time as the Company does comply with the ASX Listing Rules.

Failure to comply with Chapters 1 and 2 of the Listing Rules may also defeat the Takeover Bid, the Takeover Bid being subject to the condition that an application for admission to Official Quotation will be made within 7 days after the start of the Bid Period and permission for admission to quotation will be granted no later than 7 days after the end of the Bid Period.

### **(b) BOI Approval**

On 27 April 2013, Euro's subsidiary, Lanka Graphite AUS, entered into a Share Sale Agreement with the Lanka Graphite SL Vendor to acquire 70% of Lanka Graphite SL, a company incorporated in Sri Lanka and which holds 5 exploration licences over the Tenements and 4 Exploration Licence Applications.

The completion of this acquisition of the mining assets in Sri Lanka is occurring contemporaneously with the Takeover Bid. Under the Takeover Agreement, Euro has given no guarantee that the transaction will be completed. If the acquisition of the mining assets is not completed, there is a material risk that the Merged Entity will not be able to achieve its business objectives and goals.

Lanka Graphite AUS requires the Sri Lankan Board of Investments' (**BOI**) approval to acquire 70% of the share capital in Lanka Graphite SL, as an exemption from the Exchange Control Act is needed to exceed the foreign shareholding limitation of 40%.

While Viculus is not aware of any reason why Board of Investments approval will not be granted, there is a risk that if the BOI approval is not granted, the Company will not be able to acquire 70% of Lanka Graphite SL.

There is no guarantee that BOI approval will be granted, and, if BOI approval is granted, circumstances may arise where its decision may be reviewed.

The Merged Entity must also obtain and maintain mining licences from the Sri Lankan Geological Survey and Mines Bureau (**GSMB**) in order to conduct mining projects in Sri Lanka. While five (5) licences over the Tenements have been obtained at the date of this Target's Statement, the Merged Entity (through Lanka Graphite AUS) must satisfy certain requirements in order to retain these licences, including annual reporting and minimum expenditure requirements. There is no guarantee that the Company will be able to fulfil these requirements on an ongoing basis, in which case the Company may lose the rights under these licences.

Licences also require periodic renewal, and may only be renewed for a limited number of times. There is a risk that renewals may not be granted, or, if granted, additional conditions may be imposed.

### **11.3 General Investment Risks**

Some of the general risks of investment which are considered beyond the control of Viculus are as follows:

**(a) The state of Australian and international economies:**

A downturn in the Australian and/or the International economy may negatively impact the performance of Viculus which in turn may negatively impact the value of securities in Viculus.

**(b) Changes to Government Policies and Legislative changes:**

Government policy and legislative changes which are outside the control of Viculus may also have a negative impact on the financial performance of Viculus.

**(c) Economic Risk and Price of Commodities**

Viculus's Share price will be influenced by the prevailing market prices from time to time of the resources that Viculus is targeting in its exploration programs.

The price of minerals is influenced by physical and investment demand for, and supply of, those resources. Fluctuations in these prices may influence individual projects in which Viculus has an interest and the price of Viculus's Shares.

Further, commodities are principally sold throughout the world in US dollars so any fluctuations in the exchange rate between Australian and US dollars could adversely affect Viculus's financial position, performance and prospects.

These factors may have an adverse effect on Viculus's activities as well as its ability to finance future projects and activities.

**(d) Movements in local and international stock markets:**

The price of stocks in a publicly listed company can be highly volatile and the value of a company's securities can be expected to fluctuate depending on various factors, including commodity price changes, stock market sentiment, government policies, investor perceptions, economic conditions and market conditions which affect the exploration industry. It is therefore possible that Viculus's securities will trade at below the offer price.

**(e) Viculus's on-going funding requirements**

Further funding may be required by Viculus to undertake its exploration activities. If commercial quantities of minerals are discovered and Viculus commences mining activities then further funding may be required. There is no guarantee that Viculus will be able to raise the additional required funding on a timely basis, on favourable terms or that such further funding will be sufficient to enable Viculus to implement its planned commercial strategy. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Viculus is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or scale back its exploration programs as the case may be, which may adversely affect the business and financial condition of Viculus and its performance.

**(f) Resource estimates and targets**

There are no JORC Code compliant resources currently defined on the Tenements.

If a resource is defined in the future, that resource estimate will be an expression of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment.

**(g) Investment Speculative**

Mining exploration and investment in companies that are focused on mining exploration and evaluation is inherently risky and constitutes a speculative investment.

**(h) Potential Acquisitions**

As part of its business strategy, Viculus may make acquisitions or significant investments in other companies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies



or resource projects. Further, there is no guarantee that Viculus will make any future acquisitions.

**(i) Insurance Risk**

Viculus may, where economically practicable and available, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by Viculus outside the scope of the insurance cover. While Viculus will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there will remain the risk that an insurer defaults in the legitimate claim by Viculus under an insurance policy. Insurance against all risks associated with mining exploration and production is not always available and where available the cost may be prohibitive.

**(j) Unforeseen expenses**

Viculus is not aware of any expenses that it will be required to incur in the two years after listing and which it hasn't already taken into account. However, if Viculus is required to incur any such unforeseen expenses then this may adversely affect the currently proposed expenditure plan and existing budgets for Viculus's activities.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the investors in Viculus. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Viculus and the value of the Shares.

**(k) Competition Risk**

The industry in which Viculus will be involved is subject to global and domestic competition. Viculus shall undertake all reasonable due diligence. However, Viculus is unable to influence or control the conduct of its competitors and such conduct may detrimentally affect Viculus's financial or operating performance.

**(l) Reliance on Key Personnel**

Senior management and key personnel of Viculus shall direct Viculus's operations and provide strategic management. However, if key employees cease to be employed there may be a detrimental impact to Viculus.

**(m) Foreign Sales**

The proposed international sales undertaken by Viculus and subsequent operations will be subject to a number of risks inherent in selling and operating abroad which could adversely affect our ability to increase or maintain our foreign sales. These include, but are not limited to, risks regarding:

- currency exchange rate fluctuations;
- local and international economic and political conditions;
- disruptions of capital and trading markets;
- accounts receivable collection and longer payment cycles;

- difficulties in staffing and managing foreign operations;
- potential hostilities and changes in diplomatic and trade relationships;
- restrictive governmental actions (such as restrictions on the transfer or repatriation of funds and trade protection measures, including export duties and quotas and customs duties and tariffs);
- changes in legal or regulatory requirements;
- the laws and policies of Australia and other countries affecting trade, foreign investment and loans, and import or export licensing requirements; and
- tax laws.

Changes in circumstances or market conditions resulting from these risks may restrict Viculus's ability to operate in an affected region and/or adversely affect the profitability of Viculus's operations in that region.

#### **11.4 Exploration and Development Risk Factors**

The business of mineral exploration, project development and production involves inherent risks. Success depends on successful exploration appraisal, design and construction of efficient recovery and processing facilities, competent operational and managerial performance, and efficient distribution and marketing services. Exploration is a speculative endeavor and production operations can be hampered by engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events. The outcome of Company's exploration, project development and production programs will affect the future performance of Viculus and the price of its Shares.

If and when Viculus commences production, the production may be curtailed or shut down for considerable periods of time owing to a range of factors such as disruptions to transport infrastructure, lack of market demand, government regulation, production allocations or force majeure events. These curtailments may continue for a considerable period of time resulting in a materially adverse effect on the operations and/or financial condition of Viculus.

The exploration for and production of minerals involves certain operating hazards, such as:

- failure and/or breakdown of equipment;
- adverse geological, seismic and geotechnical conditions;
- industrial accidents;
- labour disputes;
- pollution; and
- other environmental hazards and risks.

Viculus may also be liable for environmental damage caused as a result of its exploration and/or mining activities. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could reduce or eliminate funds available for acquisitions, exploration and development or cause Viculus to suffer losses.

Exploration, development and environmental factors which may affect Viculus's financial position, prospects and the price of its listed securities are set out below.

##### **(a) Exploration Risks**

There are a number of risks associated with the mineral exploration activities to be carried out by Viculus, including:

- The discovery and/or acquisition of economically recoverable resources or reserves. Exploration on the existing prospecting and exploration tenements of Viculus may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of Viculus and possible relinquishment of the prospecting and exploration tenements;
- Recovering resources or reserves. There can be no assurance that Viculus will discover significant resources or reserves of commodities nor can there be any assurance that any particular level of recovery from such resources or reserves will be realised;
- Access to adequate capital for project development;
- Design and construction of efficient development and production infrastructure within capital expenditure budgets;
- Securing and maintaining title to interests;
- Obtaining consents and approvals necessary for the conduct of mineral exploration, development and production; and
- Access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

#### **(b) Development Risks**

If Viculus does locate commercial reserves of minerals, then the future development of a mining operation at any of Viculus's projects will be subject to a number of risks, including:

- Geological and weather conditions causing delays and interference to operations;
- Obtaining all necessary and requisite approvals from relevant authorities and third parties;
- Technical and operational difficulties associated with mining of minerals and production activities;
- Access to necessary funding;
- Mechanical failure of plant and equipment;
- Shortages or increases in price of consumables, and plant and equipment;
- Environmental hazards, fires, explosions and other accidents;
- Transportation facilities;
- Costs overruns;
- The costs of extraction being higher than expected.

There is no guarantee that Viculus will achieve commercial viability through the development of its projects.

#### **(c) Environmental Risks**

The activities being undertaken by Viculus are subject to Sri Lankan environmental laws and regulations. Viculus will endeavour to comply at all times with all applicable Sri Lankan laws and intends to conduct its activities in an environmentally responsible manner.

However, the existence of environmental legislation means that Viculus may potentially face a liability risk relating to its activities and/or be restricted from engaging certain exploration activity due to environmental legislation.

**(d) Reliance on consultants and contractors**

Viculus will be relying upon the expertise and equipment of various consultants and contractors who will be engaged to conduct the different aspects of exploration and mining activity. In the event of a failure of, or by, one of these contractors, or the failure of any equipment used by these consultants or contractors, Viculus's business, activities and operating results may be adversely affected.

## **11.5 Risks relating to operating in Sri Lanka**

**(a) Political, economic and sovereign risks**

As Viculus will be operating in Sri Lanka, Viculus will be subject to those risks associated with operating in a foreign jurisdiction. Such risks can include, economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

Sri Lanka was involved in a civil war until on or around late 2009. While Sri Lanka is currently relatively stable, there is no certainty that the political and economic conditions will remain stable. Any deterioration in political or economic conditions, including renewed hostilities or terrorist activity, may adversely affect Viculus's operations and profitability.

There is a risk that the government of Sri Lanka may change its policies regarding foreign investment and the ownership of mineral resources, which may have an adverse impact on Viculus's profitability.

**(b) Sri Lankan legal environment**

Although the Sri Lankan legal system is well-established, it may be less certain than legal systems in other countries. This uncertainty could lead to the following risks:

- Difficulties in obtaining effective legal redress for breaches of laws or regulations or in respect of property rights;
- Inconsistencies between and within laws, regulations, decrees, orders and resolutions, or uncertainty in the application of laws and regulations;
- Difficulties in enforcing foreign judgments and arbitral awards, particularly against state bodies; and

- Lack of jurisprudence and administrative guidance on the application of laws and regulations, particularly with respect to taxation and proprietary rights.

Therefore, Viculus may have difficulty in obtaining effective legal redress in circumstances where Viculus is adversely affected by a breach of law or regulation.

**(c) Risks associated with identity as emerging market issuer**

After Completion of the Takeover Bid, Viculus may be considered to be an emerging market issuer, as it holds material assets located in an emerging market (Sri Lanka).

In ASIC Report 368 (released August 2013), it was noted that emerging market issuers may face challenges in complying with corporate governance requirements, internal controls and risk management. Likewise, emerging market issuers may utilise complex ownership structures to accommodate restrictions on the foreign ownership of assets, hindering transparency.

To address these risks, the Board of Viculus intends to strictly comply with all applicable financial reporting and continuous disclosure requirements. The Board of Viculus also intends to require management to design and implement risk management and internal controls, and report on whether those risks are being managed effectively.

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## 12. ADDITIONAL INFORMATION

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### 12.1. Directors of Euro

Name	Position
Mr Jitto Arulampalam	Executive Chairman
Mr Frank Cannavo	Director
Mr Adrian Santini	Director
Tamura Yoshiaki	Director

#### Mr Jitto Arulampalam

Jitto has considerable experience as a director of various listed public companies in Australia. He has previously held positions as Chair of Fortis Mining, Great Western Exploration, Medicvision Limited and Atos Wellness Limited. Jitto holds a Bachelor of Business Administration from Curtin University.

#### Frank Cannavo

Frank Cannavo is a founding director of Euro and has significant business and investment experience with exploration companies in the mining industry. He has extensive experience in capital raisings, investment activities and IPO's and is also a founding director of Baltic Energy Pty Ltd. Previously, Frank has been a director of several ASX – listed companies, including Kazakhstan Potash Corporation Ltd, Great Western Exploration Ltd, Hannans Reward Ltd, Motopia Ltd and ATOS Wellness Ltd.

#### Adrian Santini

Adrian Santini is a well known real estate identity in Melbourne's south east, with many years experience in marketing, negotiation, management and investment.

#### Yoshiaki Tamura

Yoshiaki Tamura has significant international business experience in the mining and resources industry. He has lived, worked and established significant contacts in many countries, including Asia, South America, North America, Central America, European Union and parts of Africa. He currently resides and works in Sri Lanka.

#### Directors' Interests in Euro Securities

As at the date of this Target's Statement, each Euro Director and his associates held a relevant interest in Euro Shares and Euro Options, as follows:

Director	Shares	Voting Power in Euro (%)
Jitto Arulampalam (Pakaya Investments Pty Ltd)	Nil	0%
Frank Cannavo (Frank Cannavo Investments)	1,400,100	3.5%

Pty Ltd and Invest Mining Pty Ltd)		
Adrian Santini (ASASP Pty Ltd)	450,000	1.19%
Tamura Yoshiaki	Nil	Nil

<b>Director</b>	<b>Options</b>
Jitto Arulampalam (Pakaya Investments Pty Ltd)	3,000,000
Frank Cannavo (Frank Cannavo Investments Pty Ltd and Invest Mining Pty Ltd)	3,000,000
Adrian Santini	1,500,000
Tamura Yoshiaki	Nil

### **Dealings in Euro Securities**

No Director of Euro has acquired or disposed of a relevant interest in any Euro Securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

### **Directors' Interests in Viculus securities**

Neither Euro nor any Director has a relevant interest in securities of Viculus or any Related Body Corporate of Viculus:

<b>Director</b>	<b>No. of Ordinary VCL Shares</b>
Mr Jitto Arulampalam	<b>Nil</b>
Mr Adrian Santini	<b>Nil</b>
Tamura Yoshiaki	<b>Nil</b>
Frank Cannavo	<b>Nil</b>

Viculus proposes to make offers to the Euro Directors, in their capacities as Euro Securityholders, to issue them one Viculus Share for each Euro Share held, and one Viculus Option for each Euro Option held and cancelled pursuant to the Bid Conditions. However, as the Directors currently hold no interest in Viculus securities as at the date of this Target's Statement, they therefore consider themselves to be independent and free of any material personal interest in relation to the proposed Takeover Bid.

### **Dealings in Viculus securities**

No Euro Director acquired or disposed of a relevant interest in any Viculus Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

### **Benefits and agreements**

#### **Benefits in connection with retirement from office**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Euro or related body corporate of Euro.

#### **Agreements connected with or conditional on the Offer**

Except where noted below, there are no agreements made between any Director of Euro and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Euro Shares.

#### **Benefits from Viculus**

There are no other benefits from Viculus.

### **12.2. Effect of the Takeover Bid on Euro's material contracts**

None of the material contracts to which Euro is a party contains a change of control clause which would give rise to Viculus having the ability to terminate the Offer on the basis that the counterparty may have the ability to terminate the contract, with an associated material adverse effect on the profits, prospects, assets and liabilities, financial position and performance of Euro.

### **12.3 Material litigation**

As at the date of this Target's Statement, Euro is not involved in any legal proceedings and the Euro Directors are not aware of any legal proceedings pending or threatened against Euro.

### **12.4 Status of conditions**

To the knowledge of each of the Euro Directors, as of the date of this Target's Statement, Euro is not aware of any events which would result in a breach of the Bid Conditions or an inability to satisfy the Bid Conditions.

As set out in the Bidder's Statement, Viculus is not aware of any events which would result in a breach or inability to satisfy the Conditions. Viculus is required to give a notice of the status of the Conditions in accordance with the Corporations Act on 22 October 2012 (subject to extension if the Takeover Offer Period is extended).

### **No material changes in financial position of Euro**



To the knowledge of each of the Euro Directors, the financial position and performance has not materially changed since 31 December 2013 (being the most recent financial half year of Euro for which unaudited financial accounts of Euro were prepared) other than as disclosed in the pro-forma consolidated statement of financial position of the Merged Entity in Section 8.3 of the Bidder's Statement.

## 12.5 Taxation considerations for Euro Securityholders

Please refer to Section 12 of the Bidder's Statement regarding taxation considerations.

## 12.6 Consents

The following persons have given, and have not withdrawn before the lodgement of this Target's Statement with ASIC, their written consent:

- (a) to be named in the Target's Statement in the form and context in which they are named;
- (b) for inclusion of their respective reports or statement (if any) noted next to their names and the references to those reports or statements in the form and context in which they are included in the Target's Statement; and
- (c) the inclusion of other statements in the Target's Statement which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included.

Name of Person	Name as	Report or Statement
Pointon Partners	Australian Legal Advisor	None

Each of the above persons:

- (a) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and consented to by that person;
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this section with the person's consent.

Pointon Partners has not advised on the laws of any foreign jurisdiction and has not provided tax advice in relation to any jurisdiction.

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Viculus with ASIC, given to the ASX or announced on the announcements platform of the ASX, by Viculus. Pursuant to the Class Order, the consent of Viculus is not required for the inclusion of such statements in this Target's Statement.

Any Euro Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Euro through Justyn Stedwell, Company Secretary for Euro on 0424 222 122. As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

#### **12.7 No other material information**

This Target's Statement is required to include all the information that Euro Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director of Euro.

The Directors of Euro are of the opinion that the information that Euro Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in the documents lodged by Euro with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The Directors of Euro have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors of Euro do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors of Euro have had regard to:

- (a) the nature of the Euro Shares;
- (b) the matters that Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to Shareholders' professional advisers; and
- (d) the time available to Euro to prepare this Target's Statement.

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## 13. GLOSSARY AND INTERPRETATION

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### Glossary

Where the following terms are used in this Target Statement they have the following meanings:

**AEST** means Australian Eastern Standard Time.

**Announcement Date** means the announcement of the Offer, being 11 February 2014.

**ASIC** means Australian Securities & Investments Commission.

**Associate** has the meaning it has in section 12 of the Corporations Act as if subsection (1) of that section included a reference to this Target's Statement;

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**Bid Conditions** means the conditions of the Offer as detailed in Annexure A of the Bidder's Statement.

**Bidder** means Viculus Limited (ACN 074 976 828).

**Bidder's Statement** means the bidder's statement of Viculus in relation to the Takeover Bid, issued pursuant to Part 6.5 of Division 2 of the Corporations Act and dated 1 August 2014.

**Bid Period** has the meaning given to it in the Corporations Act;

**Capital Raising** means the capital raising to be undertaken by Viculus in connection with its application for re-admission to the ASX.

**Company or Euro** means Euro Petroleum Limited (ACN 147 870 362).

**Competing Proposal** means a proposal pursuant to which a person (other than Viculus or another entity in the Viculus Group) would, if the proposal were implemented substantially in accordance with its terms:

- (a) directly or indirectly, acquire an interest in all or a substantial part of the assets of Euro;
- (b) directly or indirectly, acquire an interest, a relevant interest in or become the holder of 20% or more of the Euro Shares;
- (c) acquire control of Euro, within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise acquire or merge with Euro (including by way of a scheme of arrangement, reverse takeover bid or dual listed companies structure).

**Completion** means Viculus' acquisition of all issued Euro Shares and Euro Options pursuant to the Takeover Bid.

**Conditions Precedent** means the conditions precedent to the Takeover Bid, contained in the Heads of Agreement.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the Euro Directors.

**Euro Board** or **Board** means the board of Directors as constituted from time to time.

**Euro Director** or **Director** means a director of Euro at the date of this Prospectus.

**Euro Group** means Euro and its Related Bodies Corporate.

**Euro Securityholders** means Euro Shareholders and Euro Optionholders.

**Euro Share** or **Share** means a fully paid ordinary share issued in the capital of Euro.

**Euro Shareholders** means the collective holders of Euro issued shares and Euro Shareholder means any one of them.

**Euro Option** means an option to acquire a Euro Share.

**Euro Optionholder** means the collective holders of Euro's issued options and Euro Optionholder means any one of them.

**Euro Prescribed Occurrence** means:

- (a) Euro converting all or any of its shares into a larger or smaller number of shares (see section 254H of the Corporations Act);
- (b) Euro resolving to reduce its share capital in any way;
- (c) Euro:
  - (i) entering into a buy-back agreement or;
  - (ii) resolving to approve the terms of a buy-back agreement under subsection 257C or 257D of the Corporations Act.
- (d) Euro making an allotment of, or granting an option to subscribe for, any of its shares, or agreeing to make such an allotment or grant such an option;
- (e) Euro issuing, or agreeing to issue, convertible notes;
- (f) Euro disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) Euro charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) Euro resolving that it be wound up;
- (i) the appointment of a provisional liquidator of Euro;
- (j) the making of an order by a court for the winding up of Euro;

- (k) an administrator of Euro being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Euro executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of Euro.

**Exploration Licence Applications** means the applications made by Lanka Graphite SL to the Sri Lankan Geological Survey and Mines Bureau for exploration licences over tenements in the Western Province of Sri Lanka and Exploration Licence Application means any one of them;

**Government Agency** means a government or government department, a governmental or semigovernmental or judicial person (whether autonomous or not) charged with the administration of any applicable law.

**GSMB** means the Sri Lankan Geological Survey and Mines Bureau.

**Heads of Agreement** means the Heads of Agreement dated 11 February 2014 between Euro and Viculus.

**Ineligible Foreign Euro Shareholder** means any Euro Shareholder whose address, as entered in the register of members of Euro, is in a jurisdiction other than Australia (and its external Territories) and New Zealand, unless Viculus otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly practicable to make the Offer to such a Euro Shareholder in the relevant jurisdiction and to issue Viculus Shares to such a Euro Shareholder on acceptance of the Offer, and that it is not unlawful for such a Euro Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

**Lanka Graphite AUS** means Lanka Graphite Holdings Pty Ltd (ACN 160 465 583)

**Lanka Graphite SL** means Lanka Graphite Pvt Ltd (No PV 09962)

**Lanka Graphite SL Vendor** means Mangala Sena Vijitha Bandarta Ranaraje;

**Material Adverse Change** means any change, event, effect, occurrence or state of facts that is, or is expected to be, material and adverse to the assets, liabilities (including contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operation, financial condition or prospects of a party.

**Maximum Subscription** means the maximum amount to be raised by Viculus under the Capital Raising, being \$5,000,000 for the issue of 25,000,000 Viculus Shares;

**Merged Entity** means Lanka Graphite Ltd, being the entity created by the merger of Euro and VCL upon Completion of the Takeover Bid.

**Minimum Subscription** means the minimum amount to be raised by Viculus under the Capital Raising, being \$3,500,000, by the issue of 17,500,000 Viculus Shares;

**Notice of Meeting** means the Notice of Meeting issued to Viculus Shareholders on or around 22 July 2014

**Notice of Status of Conditions** means Viculus's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.

**Offer** or **Offer** means the Offer by Viculus for the Euro Shares, which offer is contained in section 5 of the Bidder's Statement.

**Offer Consideration** means the consideration that Viculus will be required to provide to Euro Securityholders upon Completion of the Takeover Bid, being (subject to the satisfaction of the Bid Conditions):

- (a) the allotment and issue of one (1) Share to Euro Shareholders for every one (1) share held in Euro; and
- (b) the allotment and issue of one (1) Option to Euro Optionholders for every one (1) Euro Option held and cancelled pursuant to the Bid Conditions.

**Offer Period** means the period during which the Offer will remain open for acceptance in accordance with the Bidder's Statement.

**Pointon Partners** means Pointon Partners Pty Ltd (ACN 065 676 593)

**Re-admission** means Viculus's re-admission to the official list of the ASX following its application for re-admission under Chapters 1 and 2 of the ASX Listing Rules;

**Relevant Interest** has the same meaning as given to it in sections 608 and 609 of the Corporations Act.

**Related Body Corporate** has the meaning given in section 9 of the Corporations Act.

**Sale Nominee** means has the meaning given to it in the Bidder's Statement.

**Share Sale Agreement** means the agreement between Mangala Sena Vijitha Bandarta Ranaraje and Lanka Graphite AUS, entered into on 27 April 2013, whereby it was agreed that Lanka Graphite AUS would purchase 70% of issued share capital in Lanka Graphite SL, and the subsequent Deed of Variation to the Share Sale Agreement, dated 30 January 2014;

**Superior Proposal** means a publicly announced transaction or proposed transaction which, if completed substantially in accordance with its terms, would mean a person (other than VCL or one of its Related Bodies Corporate) would become the holder of:

- (a) more than 50% of the Euro Shares; or
- (b) the whole or substantially the whole of the business, assets and undertakings of Euro;

provided that a majority of Euro Directors determine, acting in good faith after receipt of advice from Euro's financial and legal advisers and in order to satisfy what the Euro Directors consider to be their fiduciary and statutory duties, that the transaction or proposed transaction is capable of being valued and completed, taking into account all aspects of the transaction or proposed transaction (including its conditions precedent and the person or persons making it) and is a superior overall proposal for Euro Securityholders as compared to the Takeover Bid;

**Takeover Bid** means Viculus's off-market takeover bid for all of the Euro Shares, made pursuant to Chapter 6 of the Corporations Act;

**Takeover Closing Date** means the closing date of the Offer, being 5pm (AEST) on 8 September 2014;

**Takeover Record Date** means 5pm (AEST) on 1 August 2014;

**Target** means Euro Petroleum Ltd (ACN 147 870 362).

**Target's Statement** means this document (including the attachments), being the statement of Euro under Part 6.5 Division 3 of the Corporations Act.

**Tenements** means the project tenements in the Western Province of Sri Lanka over which exploration licences are held by Lanka Graphite SL and **Tenement** means any one of them.

**Transaction** means the acquisition by Viculus of all Euro Shares under the proposed Takeover Bid, and its associated transactions;

**Unmarketable Parcel** means a number of Viculus Shares which is less than a marketable parcel under the market rules of the ASX (currently a parcel of less than \$500), calculated based on the highest closing price for Viculus Shares published during the Bid Period (or, in relation to Viculus Shares issued in respect of accepting Euro Securityholders during the Bid Period, based on the highest closing price for Viculus Shares published between the start of the Bid Period until the last trading day before Viculus issues those Viculus Shares).

**Unmarketable Parcel Euro Shareholder** means a Euro Shareholder in respect of whom the total number of Viculus Shares to which that Euro Shareholder would be entitled to receive as consideration under the Offer is an Unmarketable Parcel.

**Viculus** means Viculus Limited (ACN 074 976 828);

**Viculus Group** means Viculus and its Related Bodies Corporate.

**Viculus Shares** means a fully paid ordinary share issued in the capital of Viculus.

### **Interpretation**

In this Target's Statement:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- (b) words of any gender include all genders.
- (c) words indicating the singular include the plural and vice versa.
- (d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.

- (g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) a reference to time is a reference to AEST.
- (i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



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## 14. AUTHORISATION

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This Target's Statement has been approved by a resolution passed by the Directors of Euro. All Euro Directors voted in favour of that resolution.

Signed for and on behalf of Euro:



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**Jitto Arulampalam**  
Executive Chairman  
**Euro Petroleum Ltd.**